

**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Mary Mosiman, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE

June 28, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on County Social Services for the year ended June 30, 2015.

County Social Services' revenues totaled \$36,057,591 for the year ended June 30, 2015, including \$19,169,049 of property and other county tax, \$1,312,043 from state tax credits, \$2,492,529 from charges for service, \$3,290,976 from operating grants, contributions and restricted interest and \$9,792,994 of initial contributions from member counties.

Expenditures for the year ended June 30, 2015 totaled \$23,129,295, and included \$18,453,820 for direct services to consumers, \$2,753,009 for general administration and \$1,972,466 for County provided case management.

A copy of the audit report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1514-2361-B00F>.

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COUNTY SOCIAL SERVICES
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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County Social Services

Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jerry Haverly	Board Chair	Humboldt County Board of Supervisors
Roy Schwickerath	Vice Chair	Floyd County Board of Supervisors
Ken Abrams	Secretary/Treasurer	Worth County Board of Supervisors
Dennis Koenig	Board Member	Allamakee County Board of Supervisors
Craig White	Board Member	Black Hawk County Board of Supervisors
Rex Ackerman	Board Member	Butler County Board of Supervisors
Phil Dougherty	Board Member	Cerro Gordo County Board of Supervisors
Richard Holthaus	Board Member	Chickasaw County Board of Supervisors
Ron McCartney	Board Member	Clayton County Board of Supervisors
Beverly Juhl	Board Member	Emmet County Board of Supervisors
Jeanine Tellin	Board Member	Fayette County Board of Supervisors
James Ross	Board Member	Grundy County Board of Supervisors
Ron Sweers	Board Member	Hancock County Board of Supervisors
Mark Kubik	Board Member	Howard County Board of Supervisors
Don Besch	Board Member	Kossuth County Board of Supervisors
Joel Voaklander	Board Member	Mitchell County Board of Supervisors
Clarence Siepker	Board Member	Pocahontas County Board of Supervisors
Larry Vest	Board Member	Tama County Board of Supervisors
Clark Fletcher	Board Member	Webster County Board of Supervisors
Bill Jensvold	Board Member	Winnebago County Board of Supervisors
John Logsdon	Board Member	Winneshiek County Board of Supervisors
Karl Helgevold	Board Member	Wright County Board of Supervisors
Jim Alberg	Non-Voting Ex-Officio Board Member	
Brian Schmidt	Non-Voting Ex-Officio Board Member	
Bob Lincoln	Chief Executive Officer	
Karen Dowell	Chief Operating Officer	
Jodi Draper	Chief Financial Officer	

County Social Services



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Independent Auditor's Report

To the Regional Governance Board of
County Social Services:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of County Social Services, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise County Social Services' basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Special Revenue, Mental Health Funds of Allamakee, Black Hawk, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Hancock, Howard, Humboldt, Kossuth, Mitchell, Tama, Winnebago, Winneshiek, Worth and Wright Counties, which represent the following:

Member County	Share of Assets	Share of Fund Balance	Share of Revenues
Allamakee	2.08%	1.30%	3.01%
Black Hawk	18.48	11.64	25.19
Cerro Gordo	6.31	4.52	9.24
Chickasaw	1.90	1.23	2.67
Clayton	3.10	1.26	3.39
Emmet	1.97	2.23	2.02
Fayette	3.09	2.52	4.45
Floyd	2.52	1.91	3.02
Hancock	1.61	1.07	2.12
Howard	1.22	0.27	1.92
Humboldt	2.17	2.79	3.60
Kossuth	3.60	4.25	4.01
Mitchell	1.46	0.95	2.00
Tama	2.51	1.95	3.49
Winnebago	2.18	2.54	3.48
Winneshiek	3.23	2.46	4.10
Worth	1.17	1.03	1.44
Wright	2.75	3.30	2.92

Those Special Revenue, Mental Health Funds were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Allamakee, Black Hawk, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Hancock, Howard, Humboldt, Kossuth, Mitchell, Tama, Winnebago, Winneshiek, Worth and Wright Counties, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to County Social Services' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County Social Services' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on the Governmental Activities

As discussed in Note 4, management has not recorded a liability for compensated absences in the governmental activities and, accordingly, has not recorded an expense for the current year change in that liability. U.S. generally accepted accounting principles require compensated absences attributable to employee services already rendered and not contingent on a specific event outside the control of County Social Services and its employees be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects the liabilities, net position and expenses of the governmental activities has not been determined.

As also discussed in Note 4, management has not recorded a liability for other postemployment benefits (OPEB) in governmental activities and, accordingly, has not recorded an expense for the current year change in that liability. U.S. generally accepted accounting principles require County Social Services' annual OPEB costs based on the annual required contribution of County Social Services, an amount actuarially determined in accordance with GASB Statement No. 45, be accrued as liabilities and expenses, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects the liabilities, net position and expenses of the governmental activities has not been determined.

In addition, as discussed in Note 4, management has not recorded a net pension liability, deferred outflows of resources or deferred inflows of resources related to pensions in governmental activities and, accordingly, has not recorded pension expense for the current year change in that liability, deferred outflows of resources or deferred inflows of resources. U.S. generally accepted accounting principles require pension costs attributable to employee services already rendered be accrued as liabilities, deferred outflows of resources, deferred inflows of resources and expenses,

which would increase the liabilities, deferred outflows of resources and/or deferred inflows of resources, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects the deferred outflows of resources, liabilities, deferred inflows of resources, net position and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on the Governmental Activities” paragraphs above, the Statement of Net Position and the Statement of Activities of the governmental activities do not present fairly the financial position of the governmental activities of County Social Services as of June 30, 2015, or the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Unmodified Opinions

In our opinion, based on our audit and the reports of the other auditors, the accompanying Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances of each major fund present fairly, in all material respects, the financial position of County Social Services as of June 30, 2015, and the changes in its financial position for the year then ended in accordance with U.S generally accepted accounting principles.

Other Matters

Required Supplementary Information

Management has omitted Management’s Discussion and Analysis which U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such omitted information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinions on the financial statements are not affected by this omitted information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County Social Services’ basic financial statements. The supplementary information included in Schedule 1, the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S, generally accepted auditing standards. Because of the significance of the matter described in the “Basis for Adverse Opinion on the Governmental Activities” paragraph on the preceding page, it is inappropriate to, and we do not, express an opinion on the supplementary information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2016 on our consideration of County Social Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering County Social Services' internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 13, 2016

Basic Financial Statements

Exhibit A

County Social Services
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 15,923,541
Receivables:	
Property tax:	
Delinquent	60,387
Succeeding year	16,300,565
Accounts	117,079
Due from other governments	2,449,425
Prepaid expenses	9,895
Total assets	<u>34,860,892</u>
Liabilities	
Accounts payable	1,776,689
Salaries and benefits payable	89,126
Due to other governments	1,495,047
Total liabilities	<u>3,360,862</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>16,300,528</u>
Net Position	
Restricted for mental health purposes	<u>\$ 15,199,502</u>

See notes to financial statements.

County Social Services

Statement of Activities

Year ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Governmental activities:				
Mental health	\$ 23,129,295	2,492,529	3,290,976	(17,345,790)
General Revenues and Special Item:				
Property and other county tax levied for mental health purposes				19,169,049
State tax credits				1,312,043
Special item - initial contributions from member counties				9,792,994
Total general revenues and special item				30,274,086
Change in net position				12,928,296
Net position beginning of year				2,271,206
Net position end of year				\$ 15,199,502

See notes to financial statements.

County Social Services

Balance Sheet

June 30, 2015

	Special Revenue,			
	Butler County/ Fiscal Agent	Allamakee County	Black Hawk County	Cerro Gordo County
Assets				
Cash, cash equivalents and pooled investments	\$ 8,529,619	101,068	1,494,610	659,636
Receivables:				
Property tax:				
Delinquent	1,779	1,003	31,980	3,508
Succeeding year	354,000	527,088	4,716,341	1,476,502
Accounts	11,046	-	1,118	-
Due from other funds	-	58,176	-	-
Due from other governments	830,245	37,050	198,554	59,006
Prepaid expenditures	4,405	-	-	-
Total assets	\$ 9,731,094	724,385	6,442,603	2,198,652
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,680,933	8,832	3,367	936
Salaries and benefits payable	173	-	14,199	7,251
Due to other funds	-	-	1,575	254
Due to other governments	1,220,796	-	30	-
Total liabilities	2,901,902	8,832	19,171	8,441
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	354,000	527,088	4,716,341	1,476,502
Other	1,779	933	28,309	61,554
Total deferred inflows of resources	355,779	528,021	4,744,650	1,538,056
Fund balances:				
Nonspendable for prepaid expenditures	4,405	-	-	-
Restricted for mental health purposes	6,469,008	187,532	1,678,782	652,155
Total fund balances	6,473,413	187,532	1,678,782	652,155
Total liabilities, deferred inflows of resources and fund balances	\$ 9,731,094	724,385	6,442,603	2,198,652

Mental Health Funds							
Chickasaw County	Clayton County	Emmet County	Fayette County	Floyd County	Grundy County	Hancock County	Howard County
164,633	419,156	321,190	312,633	274,896	312,826	149,832	5,739
1,796	614	-	1,462	2,076	91	1,786	138
478,509	649,790	366,401	690,524	534,152	427,900	406,805	328,633
8,589	8,751	-	-	-	-	2,525	-
-	-	-	-	-	-	-	-
7,830	3,202	-	72,264	68,560	64,396	-	92,496
1,118	-	-	-	-	-	-	-
662,475	1,081,513	687,591	1,076,883	879,684	805,213	560,948	427,006
3,217	-	318	1,608	1,016	7,661	21	3,993
1,593	-	-	7,732	-	242	-	5,979
-	-	-	-	-	-	-	-
-	250,000	67	12,978	4	189	-	-
4,810	250,000	385	22,318	1,020	8,092	21	9,972
478,509	649,790	366,401	690,524	534,152	427,900	406,805	328,633
1,796	489	-	1,383	69,016	91	141	49,709
480,305	650,279	366,401	691,907	603,168	427,991	406,946	378,342
1,118	-	-	-	-	-	-	-
176,242	181,234	320,805	362,658	275,496	369,130	153,981	38,692
177,360	181,234	320,805	362,658	275,496	369,130	153,981	38,692
662,475	1,081,513	687,591	1,076,883	879,684	805,213	560,948	427,006

(Continued on next page)

County Social Services

Balance Sheet
(Continued)

June 30, 2015

	Special Revenue,			
	Humboldt County	Kossuth County	Mitchell County	Pocahontas County
Assets				
Cash, cash equivalents and pooled investments	310,871	593,191	138,153	211,990
Receivables:				
Property tax:				
Delinquent	836	985	574	610
Succeeding year	344,784	629,044	368,941	248,000
Accounts	30,920	33,411	-	-
Due from other funds	-	-	-	-
Due from other governments	67,699	-	-	34,459
Prepaid expenditures	-	-	-	3,086
Total assets	755,110	1,256,631	507,668	498,145
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	-	14,273	328	166
Salaries and benefits payable	6,971	-	883	2,631
Due to other funds	-	69	-	-
Due to other governments	-	-	-	72
Total liabilities	6,971	14,342	1,211	2,869
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	344,747	629,044	368,941	248,000
Other	836	984	574	610
Total deferred inflows of resources	345,583	630,028	369,515	248,610
Fund balances:				
Nonspendable for prepaid expenditures	-	-	-	3,086
Restricted for mental health purposes	402,556	612,261	136,942	243,580
Total fund balances	402,556	612,261	136,942	246,666
Total liabilities, deferred inflows of resources and fund balances	755,110	1,256,631	507,668	498,145

See notes to financial statements.

Mental Health Funds							
Tama County	Webster County	Winnebago County	Winneshiek County	Worth County	Wright County	Reclassifications	Total
129,366	469,238	320,136	354,757	150,405	499,596	-	15,923,541
940	7,664	819	58	193	1,475	-	60,387
568,799	1,344,000	366,821	770,618	258,160	444,753	-	16,300,565
7,725	37	-	-	-	12,957	-	117,079
-	-	-	-	-	-	(58,176)	-
169,660	613,609	72,219	-	-	-	58,176	2,449,425
-	536	-	750	-	-	-	9,895
876,490	2,435,084	759,995	1,126,183	408,758	958,781	-	34,860,892
6,575	25,716	14,981	85	1,604	1,059	-	1,776,689
10,652	14,151	11,297	1,029	-	4,343	-	89,126
-	-	-	-	-	-	(1,898)	-
8,399	568	-	46	-	-	1,898	1,495,047
25,626	40,435	26,278	1,160	1,604	5,402	-	3,360,862
568,799	1,344,000	366,821	770,618	258,160	444,753	-	16,300,528
929	529,201	819	55	193	33,156	-	782,557
569,728	1,873,201	367,640	770,673	258,353	477,909	-	17,083,085
-	536	-	750	-	-	-	9,895
281,136	520,912	366,077	353,600	148,801	475,470	-	14,407,050
281,136	521,448	366,077	354,350	148,801	475,470	-	14,416,945
876,490	2,435,084	759,995	1,126,183	408,758	958,781	-	

Amounts reported for governmental activities in the Statement of Net Position are different because certain long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds

Net position of governmental activities

782,557
\$ 15,199,502

County Social Services

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2015

	Special Revenue,			
	Butler County/ Fiscal Agent	Allamakee County	Black Hawk County	Cerro Gordo County
Revenues:				
Property and other county tax	\$ 361,951	639,877	5,467,077	1,987,197
Intergovernmental revenues:				
State tax credits	28,474	41,060	344,484	115,320
Mental health equalization	1,671,643	-	-	-
Payments from member counties	21,277,250	-	-	-
Payments from MHDS fiscal agent to MHDS regional members	-	-	-	-
Mental health and disability services transition	-	75,926	50,681	-
Social services block grant	1,619,333	-	-	-
Medicaid	-	13,815	-	-
Other	-	2,801	605,859	43,862
Total intergovernmental revenues	24,596,700	133,602	1,001,024	159,182
Charges for service	3,923	-	-	-
Use of money and property	23,663	-	-	-
Miscellaneous	187,420	-	-	226,267
Total revenues	25,173,657	773,479	6,468,101	2,372,646
Expenditures:				
Services to persons with:				
Mental illness	12,541,602	-	506,223	52,850
Intellectual disabilities	2,771,657	-	-	-
Other developmental disabilities	1,407,502	-	-	-
Brain injury	374,734	-	-	-
Total direct services to consumers	17,095,495	-	506,223	52,850
General administration:				
Direct administration	1,073,462	69,627	114,622	83,350
Purchased administration	133,075	-	-	-
Distribution to MHDS regional fiscal agent	-	917,999	5,967,506	2,336,285
Fiscal agent reimbursement to member counties	2,668,911	-	-	-
Total general administration	3,875,448	987,626	6,082,128	2,419,635
County provided case management	-	13,939	-	88,605
Total mental health, intellectual disabilities and developmental disabilities expenditures	20,970,943	1,001,565	6,588,351	2,561,090
Excess (deficiency) of revenues over (under) expenditures	4,202,714	(228,086)	(120,250)	(188,444)
Special item - initial contributions from member counties	-	415,618	1,799,032	840,599
Net change in fund balances	4,202,714	187,532	1,678,782	652,155
Fund balances beginning of year	2,270,699	-	-	-
Fund balances end of year	\$ 6,473,413	187,532	1,678,782	652,155

Mental Health Funds							
Chickasaw County	Clayton County	Emmet County	Fayette County	Floyd County	Grundy County	Hancock County	Howard County
538,950	788,399	450,062	719,333	573,360	499,276	500,238	342,267
40,194	62,810	-	61,911	42,858	31,578	32,377	25,093
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	108,571	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	207,969	-	182,220	-	-
107,057	8,968	67,687	700	160,220	3,585	-	124,666
147,251	71,778	67,687	270,580	203,078	325,954	32,377	149,759
-	10,649	-	206	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	153,204	-	32	11,312	-
686,201	870,826	517,749	1,143,323	776,438	825,262	543,927	492,026
-	6,583	-	24,249	11,873	-	-	81,478
-	-	-	2,198	-	-	21	-
-	-	-	289	-	-	-	-
-	-	-	-	-	-	-	-
-	6,583	-	26,736	11,873	-	21	81,478
91,060	5,370	71,093	122,967	150,178	105,906	12,491	88,370
-	-	-	450,000	-	-	-	16
684,000	950,000	675,000	500,000	550,000	525,000	526,366	425,000
-	-	-	-	-	-	-	-
775,060	955,370	746,093	1,072,967	700,178	630,906	538,857	513,386
-	-	-	260,335	-	142,664	-	7,577
775,060	961,953	746,093	1,360,038	712,051	773,570	538,878	602,441
(88,859)	(91,127)	(228,344)	(216,715)	64,387	51,692	5,049	(110,415)
266,219	272,361	549,149	579,373	211,109	317,438	148,932	149,107
177,360	181,234	320,805	362,658	275,496	369,130	153,981	38,692
-	-	-	-	-	-	-	-
177,360	181,234	320,805	362,658	275,496	369,130	153,981	38,692

(Continued on next page)

County Social Services

Statement of Revenues, Expenditures and
Changes in Fund Balances
(Continued)

Year ended June 30, 2015

	Special Revenue			
	Humboldt County	Kossuth County	Mitchell County	Pocahontas County
Revenues:				
Property and other county tax	422,381	687,486	482,520	324,465
Intergovernmental revenues:				
State tax credits	43,009	43,560	29,924	18,015
Mental health equalization	-	-	-	-
Payments from member counties	-	-	-	-
Payments from MHDS fiscal agent to MHDS regional members	-	-	-	149,721
Mental health and disability services transition	-	-	-	-
Social services block grant	25,783	-	-	-
Medicaid	353,423	215,176	-	-
Other	30,975	1,637	2,212	14,238
Total intergovernmental revenues	453,190	260,373	32,136	181,974
Charges for service	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	49,180	81,325	-	-
Total revenues	924,751	1,029,184	514,656	506,439
Expenditures:				
Services to persons with:				
Mental illness	2,080	-	-	65,944
Intellectual disabilities	22,992	-	-	11,295
Other developmental disabilities	-	-	-	-
Brain injury	-	-	-	-
Total direct services to consumers	25,072	-	-	77,239
General administration:				
Direct administration	25,061	218,115	21,793	53,455
Purchased administration	-	-	-	-
Distribution to MHDS regional fiscal agent	380,000	744,406	496,624	275,000
Fiscal agent reimbursement to member counties	-	-	-	-
Total general administration	405,061	962,521	518,417	328,455
County provided case management	288,877	171,943	-	-
Total mental health, intellectual disabilities and developmental disabilities expenditures	719,010	1,134,464	518,417	405,694
Excess (deficiency) of revenues over (under) expenditures	205,741	(105,280)	(3,761)	100,745
Special item - initial contributions from member counties	196,815	717,541	140,703	145,921
Net change in fund balances	402,556	612,261	136,942	246,666
Fund balances beginning of year	-	-	-	-
Fund balances end of year	402,556	612,261	136,942	246,666

See notes to financial statements.

Mental Health Funds							Reclassification/ Elimination	Total
Tama County	Webster County	Winnebago County	Winneshiek County	Worth County	Wright County	Entries		
532,763	1,662,190	407,167	940,745	337,861	518,829	-	19,184,394	
40,499	119,054	31,521	64,233	22,732	40,521	32,816	1,312,043	
-	-	-	-	-	-	-	1,671,643	
-	-	-	-	-	-	(21,277,250)	-	
-	193,273	-	-	-	106,749	(558,314)	-	
-	-	-	-	-	-	(126,607)	-	
-	-	-	-	-	-	(25,783)	1,619,333	
147,605	-	-	-	-	-	-	1,120,208	
151,915	54,699	453,457	47,734	9,013	84,630	(1,563,052)	412,863	
340,019	367,026	484,978	111,967	31,745	231,900	(23,518,190)	6,136,090	
-	-	-	-	-	-	50,681	65,459	
-	-	-	-	-	-	-	23,663	
24,199	14,085	262	-	-	-	(478,652)	268,634	
896,981	2,043,301	892,407	1,052,712	369,606	750,729	(23,946,161)	25,678,240	
-	112,547	78,516	-	17,747	34,458	-	13,536,150	
23,265	-	302,119	-	1,598	-	-	3,135,145	
-	-	-	-	-	-	-	1,407,791	
-	-	-	-	-	-	-	374,734	
23,265	112,547	380,635	-	19,345	34,458	-	18,453,820	
152,298	117,176	-	51,148	1,048	570,849	(579,521)	2,619,918	
-	-	-	-	-	-	(450,000)	133,091	
392,868	1,762,267	433,910	1,350,000	355,498	-	(20,247,729)	-	
-	-	-	-	-	-	(2,668,911)	-	
545,166	1,879,443	433,910	1,401,148	356,546	570,849	(23,946,161)	2,753,009	
240,107	568,547	-	-	-	139,872	-	1,922,466	
808,538	2,560,537	814,545	1,401,148	375,891	745,179	(23,946,161)	23,129,295	
88,443	(517,236)	77,862	(348,436)	(6,285)	5,550	-	2,548,945	
192,693	1,038,684	288,215	702,786	155,086	469,920	-	9,597,301	
281,136	521,448	366,077	354,350	148,801	475,470	-	12,146,246	
-	-	-	-	-	-	-	2,270,699	
281,136	521,448	366,077	354,350	148,801	475,470	-	14,416,945	

Amounts reported for governmental activities in the Statement of Activities are different because some revenues will not be collected for several months after year end and, therefore, are not considered available revenues in the governmental funds
 Net position of governmental activities

782,557
\$ 15,199,502

County Social Services

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

County Social Services, a jointly governed organization formed pursuant to the provision of Chapter 28E of the Code of Iowa which became effective July 1, 2011, includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. The member counties entered into this 28E agreement to create a mental health and disability service regional administrative entity as described by Chapter 331.389 of the Code of Iowa to provide local access to mental health and disability services for adults and to engage in any other related activity in which a 28E organization may lawfully be engaged.

County Social Services' Regional Governance Board is comprised of at least one Board of Supervisors' member, or their designees, from each member county. The Regional Governance Board also includes one individual who utilizes mental health and disability services or is an actively involved relative of such an individual and one individual representing service providers in the County Social Services service area, both serving in a nonvoting, ex-officio capacity.

County Social Services designated Butler County as the fiscal agent to account for all funds of the organization as permitted by Chapter 331.391 of the Code of Iowa.

Except as noted in the Independent Auditors Report, County Social Services' financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements of County Social Services are intended to present the financial position and the changes in financial position of County Social Services', which includes funds held by County Social Services' fiscal agent and funds held by the individual member counties in their respective Special Revenue, Mental Health Funds. Capital assets used for mental health purposes are owned by the respective member counties and, accordingly, are not reported in these financial statements.

A. Reporting Entity

For financial reporting purposes, County Social Services has included all funds, organizations, agencies, commissions and authorities. County Social Services has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with County Social Services are such that exclusion would cause County Social Services' financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on County Social Services. County Social Services has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Entity-wide financial statements – The Statement of Net Position and the Statement of Activities report information on all of the activities of County Social Services.

The Statement of Net Position presents the assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following category:

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include grants, contributions and interest restricted to meeting the operational requirements of a particular function. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

County Social Services reports the following major governmental funds:

Special Revenue:

Mental Health Fund (Butler County/Fiscal Agent) is used to account for the activity of Butler County and County Social Services not expended directly from the Special Revenue, Mental Health Funds of the other member counties.

The Mental Health Funds of the other member counties are used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

C. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, County Social Services considers revenues to be available if they are collected by County Social Services or a member county within 90 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by County Social Services or a member county.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, County Social Services funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is County Social Services' policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, County Social Services' policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County Social Services funds are pooled and invested. Interest earned on investments is recorded either by the fiscal agent or a member county Special Revenue, Mental Health Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by each member county Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by each member county Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, each member county Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the each member county Board of Supervisors in March 2014.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Due to Other Governments – Due to other governments represents payments for services which will be remitted to other governments.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position which applies to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 90 days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

(2) Cash and Investments

County Social Services' deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

County Social Services is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by County Social Services; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

County Social Services had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Special Item – Initial Contributions from Member Counties

County Social Services began operations on July 1, 2011, prior to the State requirement to form mental health regions. The State required region-wide reporting beginning with the year ended June 30, 2015. The ending balances of the Special Revenue, Mental Health Funds of each member county as of June 30, 2014 are reported as initial contributions from member counties in the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities.

(4) Compensated Absences, Other Postemployment Benefits (OPEB) and Pension Plan

In accordance with statements of understanding between County Social Services' Regional Governance Board and each member county Board of Supervisors, County Social Services' Chief Executive Officer, the Coordinators of Disability Services and all support staff of County Social Services remain employees of the respective individual member counties. The applicable portion of the employee's wages and benefits are reimbursed to the individual member county by County Social Services.

The individual member county employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. The individual member county employees are also provided other postemployment and pension benefits. U.S. generally accepted accounting principles require deferred outflows of resources, liabilities, deferred inflows of resources and related expenses to be recorded when incurred for these items in the governmental activities financial statements. County Social Services' governmental activities financial statements do not report these amounts.

(5) Risk Management

County Social Services is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

County Social Services' property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. County Social Services' contributions to the Pool for the year ended June 30, 2015 were \$5,450.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claim exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by Southern Hills' risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by Southern Hills' risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by Southern Hills' risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

County Social Services does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonable estimated. Accordingly, at June 30, 2015, no liability has been recorded in County Social Services' financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount, if any, to be refunded to the withdrawing member.

County Social Services

Supplementary Information

Schedule 1

County Social Services
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

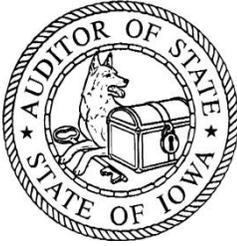
Grantor/Program	CFDA Number	Program Expenditures
Indirect:		
U.S. Department of Health and Human Services:		
Iowa Department of Human Services:		
Social Services Block Grant	93.667	<u>\$ 1,613,042</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of County Social Services and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor’s report.

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

County Social Services



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STATE OF IOWA

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Regional Governance Board of
County Social Services:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of County Social Services as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, and have issued our report thereon dated June 13, 2016. Our report expressed unmodified opinions on the financial statements of each major fund. Our report expressed an adverse opinion on the financial statements of the governmental activities due to the omission of compensated absences, other postemployment benefits and pension related activity. Our report includes a reference to other auditors who audited the Special Revenue, Mental Health Funds of Allamakee, Black Hawk, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Hancock, Howard, Humbolt, Kossuth, Mitchell, Tama, Winnegbago, Winneshiek, Worth and Wright Counties, as described in our report on County Social Services' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County Social Services' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County Social Services' internal control. Accordingly, we do not express an opinion on the effectiveness of County Social Services' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of County Social Services' financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item II-A-15, we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County Social Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about County Social Services' operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of County Social Services. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

County Social Services' Responses to the Findings

County Social Services' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. County Social Services' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

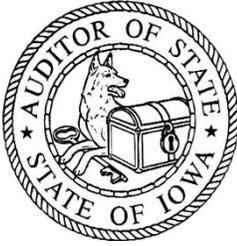
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of County Social Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering County Social Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of County Social Services during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 13, 2016



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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Regional Governance Board
of County Social Services:

Report on Compliance for Each Major Federal Program

We have audited County Social Services compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2015. County Social Services' major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for County Social Services' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County Social Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of County Social Services' compliance.

Opinion on the Major Federal Program

In our opinion, County Social Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of County Social Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County Social Services' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County Social Services' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 13, 2016

County Social Services
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances of each major fund. An adverse opinion was issued on the Statement of Net Position and the Statement of Activities of the governmental activities.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) No audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a) were noted.
- (g) The major program was CFDA Number 93.667 – Social Services Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) County Social Services did not qualify as a low-risk auditee.

County Social Services
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part II: Finding Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCY:

II-A-15 Mental Health Financial Reporting – Elimination entries are necessary to reduce revenues and expenditures in County Social Services’ annual report for financial activity occurring between the fiscal agent and the member counties. The Uniform Chart of Accounts for Iowa County Governments provides for the coding necessary to identify the elimination activity. During the audit, we identified transactions between the fiscal agent and member counties which were not properly coded. Adjustments were subsequently made by County Social Services to properly report and eliminate these transactions in the financial statements.

Recommendation – County Social Services should establish procedures to monitor the coding of revenues and expenditures in accordance with the Uniform Chart of Accounts for Iowa County Governments to ensure proper reporting in the financial statements.

Response – County Social Services CEO, COO and CFO will meet with each County Auditor of the region to address codes which need correcting to be in compliance.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Cost For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses over the major program were noted.

County Social Services
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-15 County Social Services Minutes – No transactions were found that we believe should have been approved in the Regional Governance Board minutes but were not.

However, minutes of Regional Governance Board proceedings were not published, as required by Chapter 28E.6(3)(a) of the Code of Iowa.

Recommendation – County Social Services should ensure the Regional Governance Board minutes are published as required.

Response – We have changed the process and the Board Secretary will be in charge of publishing minutes in the County where the meeting was held.

Conclusion – Response accepted.

- IV-B-15 Travel Expense – No disbursements of County Social Services' money for travel expenses of spouses of County Social Services' officials or employees were noted.
- IV-C-15 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and County Social Services' investment policy were noted.
- IV-D-15 Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

County Social Services

Staff

This audit was performed by:

Donna F. Kruger CPA, Manager
Emma L. McGrane, Staff Auditor
Premnarayan Gobin, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State